

STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF JULY 29, 2022

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 9:02 a.m., via videoconferencing.

Trustees Present

Suzanne Grant
Art Agra
Rick Geisenberger
Ken Simpler
Harold Stafford
Cerron Cade

Trustees Absent

Nancy Shevock

Others Present

Joanna Adams, Pension Administrator
Stephenie Tatman, Deputy Pension Administrator
Ryan Connell, Deputy Attorney General
Kristal Diaz, Pension Office
Josh Hitchens, Pension Office
Khairat Makanjuola, Pension Office
Joe Malloy, Pension Advisory Council
Vicki Schultes, Pension Office
Cindy Starr, Pension Office
Mary Wood, Pension Office

Drew Dinger, Windmark
Garry Musto, Windmark
Rob Gooderham, Windmark

Cyril Español, journalist, *Intelligence*

1. OPENING COMMENTS

S. Grant welcomed everyone to the meeting virtually and went on to welcome K. Simpler and share an overview of his biography. Mr. Simpler shared that he was excited to begin this new chapter in his ongoing service to those who serve and have served Delaware.

2. APPROVAL OF THE PUBLIC MINUTES OF THE BOARD OF PENSION TRUSTEES MEETING OF JUNE 24, 2022.

The Public Minutes of the June 24, 2022 meeting were reviewed, with a technical change suggested.

MOTION was made by H. Stafford and seconded by A. Agra to approve the Public Minutes of the June 24, 2022 Board of Pension Trustees meeting, with changes as noted.

MOTION ADOPTED BY THE MAJORITY, with K. Simpler abstaining.

The Executive Minutes of the June 24, 2022 meeting were reviewed in Executive Session.

MOTION was made by A. Agra and seconded by H. Stafford to approve the Executive Minutes of the June 24, 2022 Board of Pension Trustees meeting as presented.

MOTION ADOPTED BY THE MAJORITY, with K. Simpler abstaining.

3. AUDIT COMMITTEE REPORT

There was no new business to report. The next Audit Committee meeting is scheduled for November 4, 2022.

4. GOVERNANCE COMMITTEE REPORT

There was no new business to report. The next Governance Committee meeting is scheduled for August 23, 2022.

5. PENSION ADVISORY COUNCIL REPORT

Mr. Malloy stated the Pension Advisory Council is very pleased with the legislative action taken by the 151st General Assembly. Elections for council members will be held this coming fall.

6. STATE PENSION ADMINISTRATOR'S REPORT

EMPLOYEE RECOGNITION:

The (Government Finance Officers Association) GFOA Excellence in Financial Reporting Award was presented to the Office of Pensions for the FY21 financial report. This was the 26th consecutive year the Office of Pensions has received this award, which recognizes transparency and full disclosure utilized in the Office of Pensions' financial reporting structure. The exploration of methods to improve the reporting process is ongoing.

Employee of the Quarter: Meagan Iwaskiewicz, Benefits Supervisor, is the recipient of this award, in recognition of her exemplary work in the transition to the Medicare Advantage Plan, effective January 1, 2022. In addition, Sarah Parson, H.R. Analyst II, was also nominated for the award and received an honorable mention. Ms. Parson stepped up and took the lead on the manual loads process in the absence of a Manual Loads Supervisor and has done a wonderful job.

POSITIONS UPDATE:

Ms. Adams reviewed the vacant positions and was pleased to announce that an H.R. Analyst I position has been filled due to the internal promotion of a casual/seasonal staff member. The Internal Audit Director and Deputy Attorney General postings are still open; Ms. Adams is hoping to share good news regarding the Internal Audit Director position by the September Board of Pension Trustees meeting.

The HRIS Specialist III position is on hold while the position is being reclassified to a higher level. This position provides functional support to the ERP Section of the office.

OFFICE ACTIVITIES:

There are only two activities in August, due to the demands of processing the largest payroll of the year. We typically retire 150/200 people per month, with August payroll typically processing 400 pensioners. We will process 500 retirees in the August 2022 payroll, and will have all hands on deck, which is why the office limits the number of activities in August.

Ms. Tatman gave a presentation on the quarterly statistics for the office. Many changes were noted between the 3rd and 4th quarters phone call statistics due to the transition to CVS Caremark in January 2022. The office experienced a year's worth of phone calls in nine months; we expect the numbers to continue to increase next quarter due to the August payroll. A. Agra asked if the increase in calls was due to the changes in benefits; Ms. Tatman stated the Medicare Advantage Plan calls increase when mailings are released. Two additional temporary staff have been hired to assist with phone calls. Ms. Adams, Ms. Tatman, and Benefits Manager Kristal Diaz will be conducting in-person Medicare Advantage Plan education sessions in each county within the next two weeks.

RETIREE NEWSLETTER:

Ms. Adams reviewed the 4-page Retiree Newsletter that is being mailed next week. The Office of Pensions traditionally publishes two newsletters a year, which are available online, but only one is mailed annually. Ms. Adams thanked S. Tatman and the Communications Committee for their work in the development of the newsletter, which is eye-catching, easy to read, and contains great information.

COUNTY/MUNICIPAL ENTITIES RESOLUTIONS:

TOWN OF TOWNSEND: The Town of Townsend submitted a resolution stating they would like to join the County/Municipal Police and Firefighters Pension Plan, effective July 1, 2022.

MOTION was made by A. Agra and seconded by H. Stafford to approve the Town of Townsend joining the County/Municipal Police and Firefighters Pension Plan.

MOTION ADOPTED UNANIMOUSLY.

FY23 BUDGET:

Ms. Adams discussed the three areas showing budget increases, which were mainly due to personnel changes. The Office of Pensions has not been budgeting true personnel costs because there were traditionally a number of vacancies at any given time, which is no longer an issue.

The contractual line increased by \$35,000 due to additional leased space. An additional increase of \$184,000 is included to cover the replacement of our hardware for our PeopleSoft application, as the server is at its end of life. This is a stepping stone into the eventual migration to the Cloud.

MOTION was made by H. Stafford and seconded by A. Agra to approve the FY23 budget as presented.

MOTION ADOPTED UNANIMOUSLY

MOTION made by H. Stafford and seconded by R. Geisenberger to enter into Executive Session, to consider pension personnel matters, confidential medical records, legal matters, sensitive commercial trade secrets, and confidential financial information.

MOTION ADOPTED UNANIMOUSLY

The Board then moved into Executive Session to discuss pending personnel matters, confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets, and confidential financial information.

MOTION made by A. Agra and seconded by H. Stafford to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

7. DEPUTY ATTORNEY GENERAL REPORT*

There was nothing to report.

MOTION made by H. Stafford and seconded by A. Agra to approve the final contract extension to Cheiron Inc., for securities monitoring services.

MOTION ADOPTED UNANIMOUSLY

8. INVESTMENT COMMITTEE REPORT*

Mr. Gooderham reported that global equity markets fell sharply in June as elevated inflation readings and tighter monetary policy exacerbated concerns of slowing economic growth. In an effort to combat stubbornly high inflation, the Federal Reserve raised its benchmark interest rate by 0.75%, its most aggressive hike since 1994. Equity market declines were substantial across

regions as the Russell 3000 index declined by 8.4%, the MSCI EAFE index fell 9.3% and the MSCI Emerging Markets index moved lower by 6.6%. Fixed income markets also suffered sizeable losses as inflation pressured interest rates higher. For the month, the broad Bloomberg Universal index fell 2.0% and the more credit-sensitive Bloomberg High Yield index declined by 6.7%.

Mr. Gooderham reported that DPERS Fund assets at Northern Trust were estimated to be \$13,076.1 million at June 30th, 2022, representing a net decrease including net benefit payments of \$551.3 million since May 31st. Estimated returns through June 30th, 2022, are as follows:

	Month Ended 06-30-22	Qtr Ended 06-30-22	Calendar YTD 06-30-22	Fiscal Year 06-30-2022
Total Fund	-3.8	-10.2	-15.0	-8.6
DPERS Policy Benchmark**	-6.5	-12.6	-17.3	-14.0
S&P 500 Index	-8.3	-16.1	-20.0	-10.6

** Benchmark mix: 46% Russell 3000 Index, 24% MSCI ACWI ex US IMI (Net), 27.0% BB Universal Bond Index, 3% T-bills

Mr. Gooderham reported that the Committee had met twice since the June Board meeting, on July 15th and July 19th. He advised that, at the July 15th meeting, the Committee reviewed and discussed Highclere's international small cap mandate. At that meeting, the Committee approved under its authority the termination and liquidation of the Highclere International Smaller Companies Fund account.

At the Committee's July 19th meeting, Mr. Gooderham advised that, in addition to the approved items below, the Committee reviewed and discussed:

- The Annual DEI Update
- The Annual Benchmark Review
- The Long-Term Return Assumption: Actuarial and GASB 67
- The Quarterly Private Investment Review

He also advised that the following items were approved at the July 19th meeting under the Committee's authority:

- To allocate the proceeds of the termination and liquidation of the Highclere International Smaller Companies Fund account. (approved at the July 15th Committee meeting) to the Cash account.
- To recommend, after thorough review, that the Board not change the long-term return assumption used for GASB and actuarial purposes.

The next meeting of the Committee is scheduled for Tuesday, August 16th, 2022.

9. PENDING ITEMS (OLD BUSINESS)

There was nothing to report.

10. NEW BUSINESS

There was nothing to report.

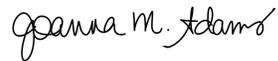
11. ADJOURNMENT

At 10:55 a.m., there being no further business:

MOTION was made by H. Stafford and seconded by A. Agra to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,



Joanna M. Adams
Pension Administrator

Suzanne B. Grant

Suzanne B. Grant (Oct 1, 2022 11:52 EDT)

Suzanne B. Grant, Chair
Board of Pension Trustees